

Fill in this information to identify the case:

United States Bankruptcy Court for the:

Eastern District of Washington
(State)

Case number (if known): Chapter 9

☐ Check if this is an amended filing

Official Form 201

Voluntary Petition for Non-Individuals Filing for Bankruptcy

04/25

If more space is needed, attach a separate sheet to this form. On the top of any additional pages, write the debtor's name and the case number (if known). For more information, a separate document, *Instructions for Bankruptcy Forms for Non-Individuals*, is available.

1. Debtor's name City of Cle Elum

2. All other names debtor used in the last 8 years
Include any assumed names, trade names, and *doing business* as names

3. Debtor's federal Employer Identification Number (EIN) 9 5 - 2 7 5 9 3 9 1

4. Debtor's address
Principal place of business
119 West First Street
Number Street
Cle Elum WA 98922
City State ZIP Code
Kittitas
County
Mailing address, if different from principal place of business
Number Street
P.O. Box
City State ZIP Code
Location of principal assets, if different from principal place of business
Number Street
City State ZIP Code

5. Debtor's website (URL) https://cleelum.gov/

6. Type of debtor

- ☐ Corporation (including Limited Liability Company (LLC) and Limited Liability Partnership (LLP))
☐ Partnership (excluding LLP)
☒ Other. Specify: Municipality

7. Describe debtor's business

A. Check one:

- ☐ Health Care Business (as defined in 11 U.S.C. § 101(27A))
☐ Single Asset Real Estate (as defined in 11 U.S.C. § 101(51B))
☐ Railroad (as defined in 11 U.S.C. § 101(44))
☐ Stockbroker (as defined in 11 U.S.C. § 101(53A))
☐ Commodity Broker (as defined in 11 U.S.C. § 101(6))
☐ Clearing Bank (as defined in 11 U.S.C. § 781(3))
☒ None of the above

B. Check all that apply:

- ☐ Tax-exempt entity (as described in 26 U.S.C. § 501)
☐ Investment company, including hedge fund or pooled investment vehicle (as defined in 15 U.S.C. § 80a-3)
☐ Investment advisor (as defined in 15 U.S.C. § 80b-2(a)(11))

C. NAICS (North American Industry Classification System) 4-digit code that best describes debtor. See <http://www.uscourts.gov/four-digit-national-association-naics-codes>.9 2 1 1

8. Under which chapter of the Bankruptcy Code is the debtor filing?

Check one:

- ☐ Chapter 7
☒ Chapter 9
☐ Chapter 11. Check all that apply:

- ☐ Debtor's aggregate noncontingent liquidated debts (excluding debts owed to insiders or affiliates) are less than \$3,424,000 (amount subject to adjustment on 4/01/28 and every 3 years after that).
☐ The debtor is a small business debtor as defined in 11 U.S.C. § 101(51D). If the debtor is a small business debtor, attach the most recent balance sheet, statement of operations, cash-flow statement, and federal income tax return or if all of these documents do not exist, follow the procedure in 11 U.S.C. § 1116(1)(B).
☐ The debtor is a small business debtor as defined in 11 U.S.C. § 101(51D), and it chooses to proceed under Subchapter V of Chapter 11.
☐ A plan is being filed with this petition.
☐ Acceptances of the plan were solicited prepetition from one or more classes of creditors, in accordance with 11 U.S.C. § 1126(b).
☐ The debtor is required to file periodic reports (for example, 10K and 10Q) with the Securities and Exchange Commission according to § 13 or 15(d) of the Securities Exchange Act of 1934. File the *Attachment to Voluntary Petition for Non-Individuals Filing for Bankruptcy under Chapter 11* (Official Form 201A) with this form.
☐ The debtor is a shell company as defined in the Securities Exchange Act of 1934 Rule 12b-2.

Chapter 12

9. Were prior bankruptcy cases filed by or against the debtor within the last 8 years?

☒ No

☐ Yes. District _____ When _____ Case number _____
MM / DD / YYYY
District _____ When _____ Case number _____
MM / DD / YYYY

If more than 2 cases, attach a separate list.

10. Are any bankruptcy cases pending or being filed by a business partner or an affiliate of the debtor?

☒ No

☐ Yes. Debtor _____ Relationship _____
District _____ When _____
MM / DD / YYYY
Case number, if known _____

List all cases. If more than 1, attach a separate list.

11. Why is the case filed in this district?

Check all that apply:

- ☒ Debtor has had its domicile, principal place of business, or principal assets in this district for 180 days immediately preceding the date of this petition or for a longer part of such 180 days than in any other district.
- ☐ A bankruptcy case concerning debtor's affiliate, general partner, or partnership is pending in this district.

12. Does the debtor own or have possession of any real property or personal property that needs immediate attention?

☒ No

☐ Yes. Answer below for each property that needs immediate attention. Attach additional sheets if needed.

Why does the property need immediate attention? (Check all that apply.)

- ☐ It poses or is alleged to pose a threat of imminent and identifiable hazard to public health or safety.
What is the hazard? _____
- ☐ It needs to be physically secured or protected from the weather.
- ☐ It includes perishable goods or assets that could quickly deteriorate or lose value without attention (for example, livestock, seasonal goods, meat, dairy, produce, or securities-related assets or other options).
- ☐ Other _____

Where is the property?

Number _____ Street _____
City _____ State ZIP Code _____

Is the property insured?

- ☐ No
- ☐ Yes. Insurance agency _____
Contact name _____
Phone _____

Statistical and administrative information

13. Debtor's estimation of available funds

Check one:

- ☒ Funds will be available for distribution to unsecured creditors.
- ☐ After any administrative expenses are paid, no funds will be available for distribution to unsecured creditors.

14. Estimated number of creditors

- | | | |
|----------------------------------|-------------------------------------------------|--------------------------------------------|
| <input type="checkbox"/> 1-49 | <input checked="" type="checkbox"/> 1,000-5,000 | <input type="checkbox"/> 25,001-50,000 |
| <input type="checkbox"/> 50-99 | <input type="checkbox"/> 5,001-10,000 | <input type="checkbox"/> 50,001-100,000 |
| <input type="checkbox"/> 100-199 | <input type="checkbox"/> 10,001-25,000 | <input type="checkbox"/> More than 100,000 |
| <input type="checkbox"/> 200-999 | | |

15. Estimated assets

| | | |
|------------------------------------------------|---------------------------------------------------------------|--------------------------------------------------------|
| <input type="checkbox"/> \$0-\$50,000 | <input type="checkbox"/> \$1,000,001-\$10 million | <input type="checkbox"/> \$500,000,001-\$1 billion |
| <input type="checkbox"/> \$50,001-\$100,000 | <input checked="" type="checkbox"/> \$10,000,001-\$50 million | <input type="checkbox"/> \$1,000,000,001-\$10 billion |
| <input type="checkbox"/> \$100,001-\$500,000 | <input type="checkbox"/> \$50,000,001-\$100 million | <input type="checkbox"/> \$10,000,000,001-\$50 billion |
| <input type="checkbox"/> \$500,001-\$1 million | <input type="checkbox"/> \$100,000,001-\$500 million | <input type="checkbox"/> More than \$50 billion |

16. Estimated liabilities

| | | |
|------------------------------------------------|---------------------------------------------------------------|--------------------------------------------------------|
| <input type="checkbox"/> \$0-\$50,000 | <input type="checkbox"/> \$1,000,001-\$10 million | <input type="checkbox"/> \$500,000,001-\$1 billion |
| <input type="checkbox"/> \$50,001-\$100,000 | <input checked="" type="checkbox"/> \$10,000,001-\$50 million | <input type="checkbox"/> \$1,000,000,001-\$10 billion |
| <input type="checkbox"/> \$100,001-\$500,000 | <input type="checkbox"/> \$50,000,001-\$100 million | <input type="checkbox"/> \$10,000,000,001-\$50 billion |
| <input type="checkbox"/> \$500,001-\$1 million | <input type="checkbox"/> \$100,000,001-\$500 million | <input type="checkbox"/> More than \$50 billion |

Request for Relief, Declaration, and Signatures

WARNING -- Bankruptcy fraud is a serious crime. Making a false statement in connection with a bankruptcy case can result in fines up to \$500,000 or imprisonment for up to 20 years, or both. 18 U.S.C. §§ 152, 1341, 1519, and 3571.

17. Declaration and signature of authorized representative of debtor

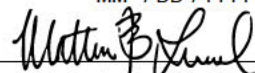
The debtor requests relief in accordance with the chapter of title 11, United States Code, specified in this petition.

I have been authorized to file this petition on behalf of the debtor.

I have examined the information in this petition and have a reasonable belief that the information is true and correct.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on 6/23/2025
MM / DD / YYYY


Signature of authorized representative of debtor

Matthew Lundh

Printed name

Title Mayor

18. Signature of attorney

/s/ John S. Kaplan

Signature of attorney for debtor

Date 6/24/2025

MM / DD / YYYY

John S. Kaplan

Printed name

Stoel Rives LLP

Firm name

600 University Street, Suite 3600

Number Street

Seattle

City

WA

State

98101

ZIP Code

(206) 386-7524

Contact phone

john.kaplan@stoel.com

Email address

23788

Bar number

WA

State

**CITY OF CLE ELUM
WASHINGTON
RESOLUTION NO. 2025-006**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY
OF CLE ELUM, WASHINGTON, APPROVING THE FILING
OF A CHAPTER 9 BANKRUPTCY PETITION AND
EMPLOYING STOEL RIVES LLP AS BANKRUPTCY
COUNSEL**

WHEREAS, on November 5, 2024, an arbitration award was granted by Judge Paris K. Kallas in favor of City Heights Holdings, LLC and against the City in the total amount of \$22,230,175.00 (the “**Award**”); and

WHEREAS, on December 9, 2024, a judgment in the combined amount of \$22,671,525.11 based on the award was entered in King County Superior Court (the “**Judgment**”); and

WHEREAS, at meetings held by the City Council (the “**Council**”) of the City of Cle Elum, Washington (the “**City**”), the Council has discussed and analyzed the financial condition of the City and has had the opportunity to ask questions of management and the legal advisors of the City regarding the liabilities and liquidity of the City, the City’s available strategic alternatives, and the impact of the foregoing on the City’s ongoing business; and

WHEREAS, on December 19, 2024, the Council held a special meeting and considered filing for bankruptcy. The Council tabled such discussion so that staff and counsel could continue settlement discussions with City Heights; and

WHEREAS, on January 14, 2025, the City Council voted to pay City Heights a sum of money towards payment of the Judgment and relieve City Heights from a contractual duty to pay \$400,000.00 to the City conditioned upon City Heights’ agreement to mediate a payment plan; and

WHEREAS, based on correspondence and communications with City Heights and its counsel, it does not appear that City Heights is willing to mediate without substantial, pre-mediation payment; and

WHEREAS, due to the Judgment, the City is unable to pay its debts as they become due and is therefore insolvent; and

WHEREAS, the Council has determined it is in the best interests of the City, and its creditors, employees, and other interested parties, it avail itself of the protections afforded by chapter 9 of the United States Bankruptcy Code, 11 U.S.C. § 101 et seq., (the “**Bankruptcy Code**”) by filing a voluntary petition thereunder in the United States Bankruptcy Court for the Eastern District of Washington and commencing the Chapter 9 Case (as defined below); and

Resolution of the City of Cle Elum

WHEREAS, in furtherance of the Chapter 9 Case and the Chapter 9 Filings, the Council desires to approve the following resolutions;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CLE ELUM, WASHINGTON, DOES RESOLVE AS FOLLOWS:

Section 1. With respect to the City, the Council, after consultation with the City's mayor, treasurer, and the legal advisors of the City, has determined that it is desirable and in the best interests of the City, its creditors, and other parties in interest that a voluntary petition be filed by the City in the United States Bankruptcy Court for the Eastern District of Washington ("Bankruptcy Court") to seek relief under the provisions of chapter 9 of the Bankruptcy Code.

Section 2. Matthew Lundh, Mayor of the City ("**Authorized Person**"), is authorized and directed to execute, deliver and file with the Bankruptcy Court, and perform, in the name and on behalf of the City, and under its seal or otherwise, all plans, petitions, schedules, statements, motions, lists, applications, pleadings, papers, affidavits, declarations, orders, and any other documents (collectively, the "**Chapter 9 Filings**") (with such changes therein and additions thereto as the Authorized Person may deem necessary, appropriate or advisable, the execution and delivery of any of the Chapter 9 Filings by the Authorized Person with any changes thereto to be conclusive evidence that the Authorized Person deemed such changes to meet such standard).

Section 3. The Authorized Person is authorized, empowered, and directed, with full power of delegation, in the name and on behalf of the City, to take and perform any and all further acts and deeds that the Authorized Person, in consultation with the City's legal advisors, deems necessary, appropriate, or desirable in connection with the City's chapter 9 case (the "**Chapter 9 Case**") or the Chapter 9 Filings, including, without limitation, (i) the payment of fees, expenses and taxes the Authorized Person deems necessary, appropriate, or desirable, and (ii) negotiating, executing, delivering, performing and filing any and all additional documents, schedules, statements, lists, papers, agreements, certificates, or instruments (or any amendments or modifications thereto) in connection with, or in furtherance of, such Chapter 9 Case with a view to the successful prosecution of such Chapter 9 Case (such acts to be conclusive evidence that the Authorized Person deemed the same to meet such standard), and that all members of the City have received sufficient notice of the actions and transactions related to the matters by the foregoing resolutions, as may be required by the City's charter, or hereby waive any right to have received such notice.

Section 4. The Authorized Person is authorized and directed to employ the law firm of Stoel Rives LLP and its attorneys to represent the City in accordance with the terms and conditions of the engagement between the City and Stoel Rives LLP, and Stoel Rives LLP is hereby retained as bankruptcy counsel for the City in any Chapter 9 Case as described above.

Section 5. The Authorized Person is authorized and directed to employ the firm of GlassRatner Advisory & Capital Group, LLC dba B. Riley Advisory Services ("B. Riley") as financial advisor for the City in accordance with the terms and conditions of the engagement between the City and B. Riley and B. Riley is hereby retained as financial advisor for the City in any Chapter 9 Case as described above.

Section 6. The Authorized Person is authorized and directed to employ the firm of Stretto, Inc. (“Stretto”) as claims and noticing agent for the City in accordance with the terms and conditions of the engagement between the City and Stretto, and Stretto is hereby retained as a claims and noticing agent for the City in any Chapter 9 Case as described above.

Section 7. The Authorized Person is authorized, empowered, and directed, with full power of delegation, in the name and on behalf of the City, to negotiate, execute, deliver, file and perform any agreement, document or certificate and to take and perform any and all further acts and deeds (including, without limitation, (i) the payment of any consideration and (ii) the payment of fees, expenses and taxes) that the Authorized Person deems necessary, proper, or desirable in connection with the City’s Chapter 9 Case, including, without limitation, negotiating, executing, delivering and performing any and all documents, agreements, certificates or instruments (or any amendments or modifications thereto) in connection with the engagement of professionals contemplated by these resolutions, with a view to the successful prosecution of the Chapter 9 Case.

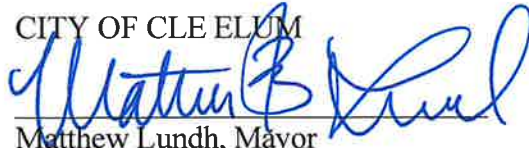
Section 8. Any documents heretofore delivered, and any actions heretofore taken by any officer or authorized representatives of City in furtherance of the purposes of this resolution are hereby ratified, approved and confirmed to the extent they would be approved by this resolution if taken on or after the date hereof.

Section 9. The Authorized Person is authorized and empowered to certify that this Resolution has been duly passed to such person or persons as he deems entitled thereto, and to attest or witness the execution of the documents authorized by the foregoing resolutions, and to sign such documents as may be necessary or appropriate.

A signature to this consent delivered electronically via facsimile, .pdf, .jpeg, .TIF, .TIFF or similar electronic format shall be deemed an original signature and fully effective as such for all purposes.

[Signature Page to Immediately Follow]

PASSED BY THE CLE ELUM CITY COUNCIL AT A SPECIAL MEETING THEREOF
ON THE 28th DAY OF January, 2025.

CITY OF CLE ELUM

Matthew Lundh, Mayor

ATTEST/AUTHENTICATED:


Debbie Lee, City Clerk

Filed with the City Clerk: 1-28-25
Passed by the City Council: 1-28-25
Resolution No.: 2025-006
Date Posted: 1-28-25

[Signature Page of Resolution of the City of Cle Elum]